



Banque Richelieu
MONACO

L'esprit de conquête



ANNUAL
REPORT | 2021

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BOARD OF DIRECTORS



Antoun Sehnaoui

Chairman of the Board of Directors



Georges Saghbini

Member of the Board of Directors



Jean Danckaert

Chief Executive Officer



Jacques-Henri David

Member of the Board of Directors



Nadine Khairallah

Permanent representative of Compagnie Financière Richelieu

STATUTORY AUDITORS

Bettina Ragazzoni

2, rue de la Lùjèrneta
98000 MONACO

Accountant
Statutory Auditor

Sandrine Arcin

7, rue de l'Industrie
98000 MONACO

Accountant
Statutory Auditor

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF 30 MAY 2022

2021 once again severely tested our nerves as statistics on the COVID-19 pandemic proved rather erratic. In mid-August 2021, Beijing closed one of the world's largest container ports overnight as part of its zero Covid strategy, increasing the strain on supply chains. In mid-December, the 13 million inhabitants of Xi'an went into lockdown. Economic actors are navigating the situation in the face of numerous volatile and contradictory political, economic, social and health data.

In 2020, levels of activity fell further (-3.1%) than most experts had expected; one year later, they were more surprised than anyone by the speed and strength of the recovery (+5.9%). At the beginning of 2022, employment in the countries of the Organisation for Economic Co-operation and Development is strong, industrial production is sustained (excluding automotive) and household income is higher than before COVID-19.

Coronavirus will continue to circulate, mutate and remain a problem, as we are in fact seeing in China at the moment. However, COVID-19 could finally be curbed during the course of the year, even though it will not be eradicated. Enough people will have been vaccinated in many parts of the world to overcome the fear that has plagued us for two years.

Furthermore, it should be noted that the pandemic has not removed political uncertainty - quite the opposite. Some examples of such uncertainty include: a Republican majority in the US Congress at the end of 2022 that would hinder Joe Biden's efforts; Iran's access to nuclear weapons leading to an Israeli-American preventive response; Russia's invasion of Ukraine with Europe and NATO hanging in the balance was a threat in 2021 and unfortunately became a reality in early 2022; a Beijing attack against Taiwan, which would test the willingness of the United States to respond using weapons to a China that is challenging its position as world leader now more than ever.

At the start of the pandemic, we appreciated promises of a "world after", where humanity would finally have realised it is racing towards ruin. This expression has now all but disappeared from our vocabulary.

There will be a "post-Covid" period, but this will be less the result of sudden disruptions than of an increase in trends emerging before the pandemic and an acceptance of the new situation: finding the right balance of online purchases, teleworking, limiting long journeys, public sector-private sector cooperation, rapid dissemination of technologies, etc. "The new normal is already here" was the apt headline of an editorial in the weekly magazine *The Economist*, contending that "the age of predictable unpredictability is not going away".

Despite this most uncertain environment, Banque Richelieu Monaco is continuing its growth and development strategy thanks in particular to the quality of its discretionary management and investment advice. In fact, at the end of 2021, assets under management represent 50% of total client assets, compared with 44% on 31 December 2020.

Client resources (cash and securities) rose by 48%, cash investments were up 47%, while securities investments saw an increase of 49%.

Net banking income amounted to EUR 24.6 million, up significantly compared to 2020 (+17%).

Despite the sharp drop in US interest rates, the interest income of Banque Richelieu Monaco fell only slightly (3%), thanks to development of the loan business, the outstandings of which grew by 23% over the period.

Custody fees increased by 31%, while management fees charged, calculated on assets, were up 62%.

At the transactional level, fees charged on client securities transactions increased by 7% after a year, 2020, historically buoyed by stock market volatility. Foreign exchange revenue also increased by 35%.

The securities portfolio implemented in 2015 in connection with entry into force of the new liquidity coverage ratio (LCR), and invested in high-quality liquid assets benefiting from a government guarantee (HQLA), totalled EUR 22.7 million, compared with EUR 34.4 million on 31 December 2020.

This portfolio, which can be mobilised at very short notice, is an alternative to cash investment with the Central Bank, while offering a more advantageous return.

General operating expenses totalled EUR 18 million, compared to EUR 14.1 million for the previous financial year (excluding non-recurring items and Group director's fees), representing an increase of 26% linked to the growth of commercial activity and the increase in rents (328%). These amount to EUR 22.6 million, including non-recurring items and the director's fee paid to Compagnie Financière Richelieu amounting to EUR 4.6 million.

Depreciation and impairment allowances on fixed assets were up 16% year-on-year, as a result of capacity and IT investments.

Consequently, the operating result was EUR 1.8 million, identical to this result for the previous financial year.

The statutory net result, after extraordinary profit and tax on profits, is EUR 1.7 million, compared with EUR 1.6 million the previous year.

After restatement of non-recurring items and the Group director's fee, this result reached EUR 6.3 million, compared with EUR 6.5 million the previous year.

The Bank's balance sheet total stands at EUR 1,334 million, up 27% compared to the previous year, as a result of the 47% increase in client deposits, which have reached EUR 1,097 million. The proportion of inter-bank debts fell to 14%, compared to 25% at the end of the previous financial year.

As at 31 December 2021, the Bank's equity was slightly up at EUR 32.2 million, compared to EUR 30.5 million the previous year.

The liquidity coverage ratio (LCR) calculated on an individual basis stands at 322% (minimum 100%). As a reminder, since

2018, the Bank has been subject to consolidated supervision of the solvency ratio at Richelieu Group level.

In 2022, the Bank will continue its business development efforts by continuing to rely on the quality of its products and services, offered to resident and non-resident international clients.

Due to the ongoing coronavirus epidemic, the Bank has continued the various health measures it had set out.

As a result, clients were welcomed to the Bank's premises according to a strict protocol, and some employees worked remotely on secure equipment, enabling them to limit the risk of contamination while ensuring normal operation of the Bank and continued service to its clients.

To date, we are not aware of any events, other than those already taken into account, particularly in relation to the COVID-19 outbreak, which have occurred since the end of the financial year and which would require accounting treatment in the financial statements, in the notes, and in the report of the Board of Directors.

Banque Richelieu Monaco is applying all measures resulting from international sanctions and has implemented all the procedures required by these texts.

Banque Richelieu Monaco has not, at this stage, identified any significant exposure of assets to Russian or Ukrainian issuers. Furthermore, Banque Richelieu Monaco has not identified any risk resulting from the consequences of sanctions taken against Russia that may have an impact on the 2021 financial statements.

The Board of Directors would like to thank the Bank's staff for their continued efforts during this pivotal year.

• The Board of Directors

APPROPRIATION OF PROFIT

THE BOARD OF DIRECTORS SHALL PROPOSE TO THE ORDINARY GENERAL MEETING THE APPROPRIATION OF PROFIT AS FOLLOWS:

Profit for the financial year ended 31 December 2021	€1,740,987.35
Retained earnings	€2,326,224.72
PROFIT TO BE APPROPRIATED	€4,067,212.07

APPROPRIATION:

Statutory reserves	€87,049.37
Retained earnings	€3,980,162.70
APPROPRIATED PROFIT	€4,067,212.07

After appropriation of the profit for the 2021 financial year, your Company's equity will stand at €32,244,314.10, compared to €30,503,326.75 at the beginning of the financial year.

During the 2021 financial year, certain transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895 were carried out:

- Current transactions and reciprocal services with Institutions sharing directors with your Company.
- Receivable from SAM Richelieu Monaco Conseil et Courtage en Assurance for €9,936.79, consisting of retrocessions and indemnities to be collected.
- Fee allocated to a director.

Before submitting the accounts for the 2021 financial year for your approval, the Board of Directors would like to thank all staff members, whose effective collaboration has contributed to the results of Banque Richelieu Monaco.

• **The Board of Directors**

BALANCE SHEET AS AT 31 DECEMBER 2021

(in euros)

ASSETS	2021	2020
CASH, CENTRAL BANKS, POST OFFICE ACCOUNTS	212,778,786.68	105,968,183.32
RECEIVABLES FROM CREDIT INSTITUTIONS	376,395,547.99	225,775,631.77
• On demand	180,278,829.46	153,364,463.96
• Term	196,116,718.53	72,411,167.81
CLIENT TRANSACTIONS	716,885,626.22	389,738,326.00
• Other client lending	581,481,800.46	315,306,846.31
• Ordinary accounts receivable	135,403,825.76	74,431,479.69
BONDS AND OTHER FIXED-INCOME SECURITIES	22,746,075.44	40,638,090.27
EQUITY AND OTHER LONG-TERM HOLDINGS	148,126.92	55,346.80
SHARES IN ASSOCIATED COMPANIES	150,000.00	150,000.00
INTANGIBLE ASSETS	276,252.77	109,839.86
TANGIBLE ASSETS	469,951.07	263,365.93
OTHER ASSETS	555,777.25	13,538,617.90
ACCRUALS	3,541,808.44	1,401,044.72
TOTAL ASSETS	1,333,947,952.78	1,053,196,237.14

LIABILITIES	2021	2020
CENTRAL BANKS, POST OFFICE ACCOUNTS	15,942.00	25,895.00
AMOUNTS OWED TO CREDIT INSTITUTIONS	193,067,172.55	263,043,015.08
• On demand	22,432.25	0.01
• Term	193,044,740.30	263,043,015.07
CLIENT TRANSACTIONS	1,096,716,457.09	747,738,081.22
Special scheme savings account	12,753.06	17,166.59
• On demand	12,753.06	17,166.59
Other liabilities	1,096,703,704.03	747,720,914.63
• On demand	762,603,315.25	508,877,148.09
• Term	334,100,388.78	238,843,766.54
OTHER LIABILITIES	5,347,613.76	662,318.81
ACCRUALS	6,404,003.28	11,071,150.28
FUNDS FOR GENERAL BANKING RISKS (FRBG)	152,450.00	152,450.00
EQUITY EXCL. FRBG	32,244,314.10	30,503,326.75
• Subscribed capital	27,400,000.00	27,400,000.00
• Reserves	777,102.03	694,893.56
• Carry forward	2,326,224.72	764,263.89
• Profit for the period	1,740,987.35	1,644,169.30
TOTAL LIABILITIES	1,333,947,952.78	1,053,196,237.14

OFF-BALANCE SHEET ITEMS AS AT 31 DECEMBER 2021

(in euros)

	2021	2020
COMMITMENTS GIVEN	48,001,160.23	19,916,396.01
Financing commitments	18,497,185.09	8,713,651.72
• Commitments to customers	18,497,185.09	8,713,651.72
Collateral guarantees	29,503,975.14	11,202,744.29
• Customer commitments	29,503,975.14	11,202,744.29
COMMITMENTS RECEIVED	11,548,980.34	11,148,980.34
Collateral guarantees	11,548,980.34	11,548,980.34
• Collateral received from credit institutions	11,548,980.34	11,548,980.34

PROFIT AND LOSS ACCOUNT

AS AT 31 DECEMBER 2021

(in euros)

	2021	2020
INTEREST AND SIMILAR INCOME	11,609,097.91	12,503,339.96
• On transactions with credit institutions	501,974.03	1,966,154.65
• On customer transactions	10,480,937.84	9,417,846.73
• On bonds and other fixed-income securities	626,186.04	1,119,338.58
INTEREST AND SIMILAR EXPENSES	-3,132,739.30	-3,797,491.54
• On transactions with credit institutions	-2,065,551.92	-1,939,291.63
• On customer transactions	-720,207.75	-1,387,036.29
• On bonds and other fixed-income securities	-346,979.63	-471,163.62
INCOME FROM VARIABLE-YIELD SECURITIES	3,000.00	5,000.00
COMMISSION (income)	18,402,287.17	13,904,644.18
COMMISSION (expenses)	-1,011,687.73	-782,540.07
GAINS ON TRADING BOOK TRANSACTIONS	7,430.39	37,125.16
• On currency exchange transactions	7,430.39	37,125.16
OTHER BANKING OPERATING INCOME	-1,296,286.24	-846,345.95
NET BANKING INCOME	24,581,102.20	21,023,731.74
GENERAL OPERATING EXPENSES	-22,591,922.78	-19,031,983.04
• Personnel costs	-11,896,345.24	-10,257,602.07
• Directors' fees	-4,627,000.00	-4,712,000.00
• Other administrative expenses	-6,068,577.54	-4,062,380.97
DEPRECIATION AND IMPAIRMENT ALLOWANCES ON INTANGIBLE AND TANGIBLE ASSETS	-194,611.82	-167,427.87
GROSS OPERATING PROFIT	1,794,567.60	1,824,320.83
OPERATING PROFIT	1,794,567.60	1,824,320.83
Profit before tax	1,794,567.60	1,824,320.83
Extraordinary profit	79,205.75	-56,241.53
Income tax	-132,786.00	-123,910.00
PROFIT FOR THE FINANCIAL YEAR	1,740,987.35	1,644,169.30

NOTES TO THE COMPANY ACCOUNTS

(Financial year ended 31 December 2021)

1. Shareholding

On 31 December 2021, the Bank's capital of EUR 27,400,000 consists of 400,000 shares with a nominal value of EUR 68.50, held by Compagnie Financière Richelieu S.A. at the rate of 99.99%.

2. Accounting principles and valuation methods

The annual accounts of Banque Richelieu Monaco have been drawn up in accordance with the provisions adopted by the Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervision and Resolution Authority, ACPR) and the rules laid down by Regulation No. 2014-07 of 26 November 2014 of the Autorité des Normes Comptables (ANC).

3. Comments on balance sheet and off-balance sheet items

3.1. Conversion of foreign currency transactions

Assets, liabilities and off-balance-sheet items expressed in foreign currencies are converted into euros on the basis of the exchange rate or official parities in force on the date of the closing of the accounts.

Differences resulting from these conversions are included in the profit.

3.2. Impairment of bad debts

Impairment of bad debts is created when a probable risk of total or partial non-recovery arises. These impairments, recognised net of assets, are adjusted periodically according to changes in the various records. The amount of impairments applied may not be less than the interest recorded on doubtful and uncollected outstandings.

3.3. Bonds and other fixed-income securities

The securities portfolio is made up of investment securities intended to be held until maturity. Premiums and discounts corresponding to the difference between the acquisition value and the redemption value of these securities are amortised on a straight-line basis over the term of the security.

3.4. Equity and other long-term holdings

In accordance with the recommendations of the Autorité de Contrôle Prudentiel (French Prudential Supervision and Resolution Authority), the certificates of association of the deposit guarantee fund appear under "Other long-term holdings". Accordingly, the income associated with these certificates is shown in "Income from variable-yield securities".

3.6. Fixed assets, depreciation and impairments

Fixed assets are shown on the balance sheet at their historical value less accumulated depreciation and impairments and are amortised on a straight-line basis over their useful life.

- Software: 1, 4 or 5 years
- Computer hardware: 3 or 5 years
- Furniture: 10 years
- Office supplies and transport equipment: 5 years
- Fixtures and fittings: 3 or 10 years
- Depreciable works of art: 20 years

3.7. Other assets

Include EUR 185,000 for the Deposit Guarantee and Resolution Fund, EUR 96,000 for accounts pending settlement and EUR 155,000 for receivables from the Tax Authorities.

3.8. Accrued income and prepaid expenses

This item includes prepaid expenses of EUR 510,000, accrued income of EUR 2,909,000 and amounts pending settlement of EUR 64,000.

3.9. Other liabilities

This item includes EUR 4,627,000 in director's fees to be paid, EUR 431,000 in social security contributions to be paid, EUR 94,000 due to the Tax Authorities, along with EUR 104,000 in amounts pending settlement.

3.10. Deferred income and accrued expenses

These items include EUR 3,978,000 in provisions for staff, EUR 1,125,000 in commissions on commitments received in advance, EUR 1,020,000 in miscellaneous charges and EUR 222,000 in amounts pending settlement.

3.11. Reserves

In accordance with its articles of association, the Bank allocates an amount equal to 5% of the net profit to the statutory reserve each year, until the amount of the reserve reaches 10% of the share capital. This reserve cannot be distributed.

3.12. Collateral guarantees

Collateral guarantees given by clients to credit institutions amount to EUR 29,503,000.

Collateral guarantees received from credit institutions stand at EUR 11,549,000, of which EUR 8,100,000 is issued by QUINTET Private Bank (Europe) S.A. as collateral for a doubtful debt.

3.13. Derivative instruments

The Bank is required to deal in forward foreign exchange transactions, interest rate swaps and share options as an intermediary on behalf of its clients or in relation to its clients' transactions.

3.14. Pension commitments

Pensions are paid by specialised organisations to which employer and salary contributions are paid regularly.

End-of-career allowances arising from the Monegasque Collective Bargaining Agreement for Bank Employees are covered by an insurance policy. Contributions paid for the financial year amount to EUR 19,000.

4. Comments on Profit and Loss Account Items

4.1. Interest and commissions

Interest is recognised in the profit and loss account on a pro rata temporis basis. Unpaid interest is, in principle, subject to impairment deducted from interest income. Commissions on commitments are spread over the life of outstanding balances.

Commissions are recorded when due. Commissions received are mainly linked to the wealth management activity. Most of them come from services and advice to clients.

Commissions paid represent the costs incurred, on behalf of this same customer base, with the various financial intermediaries.

Interest and commissions are broken down according to the attached statements.

4.2. Other bank operating expenses

In accordance with the recommendations of the Autorité de Contrôle Prudentiel (French Prudential Supervision and Resolution Authority), revenues retroceded to business introducers are included in other bank operating expenses.

4.3. General operating expenses

General operating expenses are broken down according to the attached statement.

4.4. Income Tax

The Bank is subject to Income Tax at the rate of 26.5% in accordance with the provisions of Sovereign Order No. 3,152 of 19 March 1964 and Sovereign Order No. 7,174 of 24 October 2018.

4.5. Number of employees

The number of employees as at 31 December 2021 was 66.

5. Events after the end of the financial year

Events in Ukraine in 2022 affected the global economy as a whole, including stock exchanges.

The Bank is applying all measures resulting from international sanctions and has implemented all the procedures required by these texts.

It has not, at this stage, identified any significant exposure of assets to Russian or Ukrainian issuers.

Furthermore, the Bank has not identified any risk resulting from the consequences of sanctions taken against Russia that may have an impact on the 2021 financial statements.

BREAKDOWN BY RESIDUAL MATURITY OF RECEIVABLES AND LIABILITIES AS AT 31 DECEMBER 2021

(Excluding receivables and related liabilities)
(in thousands of euros)

HEADINGS	Maturity ≤ 3 months		3 months < Maturity ≤ 1 year		1 year < Maturity ≤ 5 years		Maturity > 5 years	
	Euros	Currencies	Euros	Currencies	Euros	Currencies	Euros	Currencies
Receivables:								
CREDIT INSTITUTIONS	59,539	240,593		76,094				
• On demand	59,539	120,739						
• Term		119,853		76,094				
CLIENTS	115,183	54,720	100,878	19,336	371,457	11,508	42,338	0
• Other client lending	34,872		100,878	19,336	371,457	11,508	42,338	
• Ordinary accounts receivable	66,518	54,720						
• Bed debts	13,793							
BONDS AND OTHER FIXED-INCOME SECURITIES		3,175	2,932	1,417	14,069		882	
Liabilities:								
TO CREDIT INSTITUTIONS	129,900	79	47,900		15,000			
• On demand		2			15,000			
• Term	129,900	77	47,900					
TO CLIENTS	595,264	379,377	68,330	27,800	25,500			
Savings accounts with special arrangements	13							
• On demand	13							
Other liabilities	595,251	379,377	68,330	27,800	25,500	0	0	0
• On demand	464,651	297,952						
• Term	130,600	81,424	68,330	27,800	25,500			

BREAKDOWN OF RECEIVABLES AND RELATED LIABILITIES, OTHER ASSETS AND LIABILITIES AND ACCRUALS AS AT 31 DECEMBER 2021

(in euros)

ASSETS	EUROS	CURRENCIES	TOTAL
RELATED RECEIVABLES	1,478	1,139	1,906
• Receivables from credit institutions		169	169
• Receivables from clients	1,223	242	1,466
• Bonds and other fixed-income securities	254	17	271
OTHER ASSETS	494	61	556
• Settlement accounts relating to securities transactions	0	1	1
• Miscellaneous debtors	494	61	555
ACCRUALS	3,484	0	3,484
• Prepaid expenses	510		510
• Accrued income	2,909		2,909
• Other	64		64
TOTAL INCLUDED IN ASSETS	5,456	489	5,946

LIABILITIES	EUROS	CURRENCIES	TOTAL
RELATED LIABILITIES	558	93	651
• Central banks, post office accounts	16		16
• Amounts owed to credit institutions	188	0	189
• Amounts owed to clients	354	93	446
OTHER LIABILITIES	5,289	59	5,348
• Settlement accounts relating to securities transactions	3	0	3
• Miscellaneous creditors	5,286	59	5,345
ACCRUALS	3,346	0	6,346
• Deferred income	1,126		1,126
• Accrued expenses	4,999		4,999
• Other	222	0	222
TOTAL INCLUDED IN LIABILITIES	12,193	152	12,345

STATEMENT OF SHARES IN AFFILIATED COMPANIES, RECEIVABLES AND LIABILITIES AS AT 31 DECEMBER 2021

(Excluding receivables and related liabilities)
(In thousands of euros)

HEADINGS	Gross amount as at 31/12/2020	Transfers		Gross amount as at 31/12/2021	Amount as at 31/12/2020	Impairments		Amount as at 31/12/2021	Residual value
		Additions	Withdrawals			Allowances	Reversals		
ASSETS									
SHARES IN AFFILIATED COMPANIES	150			150	0	0	0	0	150
RICHELIEU MONACO CONSEIL ET COURTAGE EN ASSURANCE S.A.M.	150			150	0				150
• Shares (998/1,000 shares)	150			150	0			0	150
ACCRUALS (ACCRUED INCOME)	11	0	1	10					10
• Richelieu Monaco Conseil et Courtage en Assurance S.A.M.	11		1	10	0			0	10
TOTAL ASSETS	161	0	1	160					160
LIABILITIES									
TRANSACTIONS WITH CLIENTS (OTHER AMOUNTS REPAYABLE ON DEMAND)	217	0	0	217					217
• Richelieu Monaco Conseil et Courtage en Assurance S.A.M.	217	0		217	0			0	217
TOTAL LIABILITIES	217	0	0	217					217
NET TOTAL	-56	-0	1	-57	0	0	0	0	-57

FIXED ASSETS, DEPRECIATION AND IMPAIRMENTS AS AT 31 DECEMBER 2021

(In thousands of euros)

HEADINGS	Amount as at 31/12/2020	Transfers		Amount as at 31/12/2021	Amount as at 31/12/2020	Impairments		Amount as at 31/12/2021	Residual value	Capital losses	Capital gains
		Acquisitions	Disposals			Allowances	Reversals				
SOFTWARE	3,825	12		3,837	3,553	77		3,630	207		
ADVANCE PAYMENTS ON FIXED ASSETS UNDER CONSTRUCTION	0	69		69				0	69		
TOTAL INTANGIBLE ASSETS	3,825	82	0	3,906	3,553	77		3,630	276		
OFFICE FURNITURE	309	35		344	201	17		218	126		
OFFICE SUPPLIES	126	12		137	122	3		125	12		
COMPUTER HARDWARE	733	18		750	648	38		686	64		
FIXTURES AND FITTINGS	135	81		216	70	21		91	125		
TRANSPORT EQUIPMENT	260		4	260	115	37		151	109		
ADVANCE PAYMENTS ON FIXED ASSETS UNDER CONSTRUCTION	0	13		13					13		
WORKS OF ART	154			154	130	2		132	21		
• Depreciable (living authors)	132			132	130	2		132	0		
• Non-depreciable (deceased authors)	21			21				0	21		
TOTAL TANGIBLE ASSETS	1,716	158	4	1,874	1,287	117	0	1,192	470		
TOTAL	5,541	240	0	5,780	4,839	195	0	4,686	746		

ENCUMBERED ASSETS AT 31 DECEMBER 2021 (In euros)

Information on encumbered or unencumbered assets on the bank's balance sheet.

HEADINGS	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
ASSETS OF THE REPORTING INSTITUTION	32,149,077	0	1,301,798,876	0
CURRENT LOANS	32,149,077		359,382,091	
CAPITAL INSTRUMENTS			298,127	
DEBT INSTRUMENTS			22,746,075	
LOANS AND ADVANCES OTHER THAN ON-DEMAND LOANS			913,002,345	
OTHER ASSETS			6,370,238	

Collateral received, encumbered or available to be encumbered

Fair value of encumbered securities received 32,149,077

Nominal value of available securities received 2,406,717,926

Information on the value of charges on encumbered assets

Other sources of charges on assets 32,149,077

RECEIVABLES AND DEPRECIATION CREATED TO COVER COUNTERPARTY RISK AS AT 31 DECEMBER 2021

(In thousands of euros)

HEADINGS	Amount as at 31/12/2020	Transfers		Amount as at 31/12/2021	Amount as at 31/12/2020	Impairments		Amount as at 31/12/2021	Residual value
		Acquisitions	Disposals			Allowances	Reversals		
CLIENTS' BAD DEBTS	19,261		5,143	14,118	325			325	13,793

CHANGE IN EQUITY AS AT 31 DECEMBER 2021

(In thousands of euros)

HEADINGS	Capital	Statutory reserve	Carry forward	Profit for the period	TOTAL
SITUATION AS AT 31/12/2020	27,400	695	764	1,644	30,503
PROFIT TO BE APPROPRIATED, 2020				(1,644)	(1,644)
APPROPRIATION OF PROFIT, 2020		82	1,562		1,644
2021 PROFIT				1,741	1,741
SITUATION AS AT 31/12/2020	27,400	777	2,326	1,741	32,244

SUPERVISORY REPORTING ON EQUITY AS AT 31 DECEMBER 2021

(In euros)

Balance sheet reconciliation method

HEADINGS	AMOUNT
EQUITY ON THE BALANCE SHEET AS AT 31/12/2021 BEFORE APPROPRIATION OF THE 2021 PROFIT	30,503,327
• Share capital	27,400,000
• Legal and statutory reserves	777,102
• Carry forward	2,326,225
• Profit	1,740,987
FUNDS FOR GENERAL BANKING RISKS (FRBG)	152,450
INTANGIBLE ASSETS	(276,253)
REGULATORY CAPITAL AS AT 31/12/2021	30,379,524

Main characteristics of capital instruments

TIER 1 CAPITAL	
• Share capital	27,400,000
• Instrument type	Registered shares
• Nominal value of instrument	68.50

Information on capital

HEADINGS	AMOUNT
TIER 1 (CET1) CORE CAPITAL INSTRUMENTS AND RESERVES	
• Capital instruments and related share premium accounts	27,400,000
• Of which Type 1 instruments	27,400,000
• Other accumulated comprehensive income (and other reserves, to include unrealised gains and losses in accordance with applicable accounting standards)	3,255,777
TIER 1 (CET1) CORE CAPITAL PRIOR TO REGULATORY ADJUSTMENT	30,655,777
TIER 1 (CET1) CORE CAPITAL REGULATORY ADJUSTMENTS	(276,253)
• Intangible assets (net of associated tax liabilities) (negative amount)	
TOTAL REGULATORY ADJUSTMENTS TO TIER 1 (CET1) CORE CAPITAL	(276,253)
TIER 1 (CET1) CORE CAPITAL	30,379,524
TOTAL RISK-WEIGHTED ASSETS	275,185,461
EQUITY RATIOS	
TIER 1 CORE CAPITAL (as a percentage of the total amount of risk exposure)	11.04%

BREAKDOWN BY RESIDUAL MATURITY OF FORWARD FOREIGN EXCHANGE TRANSACTIONS AS AT 31 DECEMBER 2021

(In thousands of euros)

HEADINGS	Maturity ≤ 1 year	1 year < Maturity ≤ 5 years	Maturity > 5 years
EUROS RECEIVABLE AGAINST CURRENCIES TO BE DELIVERED	66,879		
CURRENCIES RECEIVABLE AGAINST EUROS TO BE DELIVERED	68,308		
TO BE DELIVERED	1,796		

BREAKDOWN BY RESIDUAL MATURITY OF INTEREST RATE SWAPS AS AT 31 DECEMBER 2021

(In thousands of euros)

HEADINGS	Maturity ≤ 1 year	1 year < Maturity ≤ 5 years	Maturity > 5 years
OUTRIGHT OTC MICRO-HEDGING TRANSACTIONS	6,200	2,000	

BREAKDOWN OF INTEREST INCOME AND EXPENSES FOR THE 2021 FINANCIAL YEAR

(In thousands of euros)

HEADINGS	Euros	Currencies
INTEREST INCOME ON TRANSACTIONS	10,010	1,599
• With credit institutions	1	501
• With customers	9,521	960
• On bonds and other fixed-income securities	488	138
INTEREST EXPENSES ON TRANSACTIONS	2,786	347
• With credit institutions	2,022	44
• With customers	503	217
• On bonds and other fixed-income securities	261	86

BREAKDOWN OF TRANSACTION COMMISSIONS FOR THE 2021 FINANCIAL YEAR

(In thousands of euros)

HEADINGS	Income		Expenses	
	Euros	Currencies	Euros	Currencies
• With customers	839	178	15	3
• On services provided	13,186	3,930	705	289

BREAKDOWN OF GENERAL OPERATING EXPENSES FOR THE 2021 FINANCIAL YEAR

(In thousands of euros)

HEADINGS	2021	2020
PERSONNEL COSTS	16,523	14,970
Wages and salaries	9,050	7,896
Directors' fees	4,627	4,712
Social security contributions:	2,846	2,362
• Pension liabilities	1,356	1,061
• Other social security contributions	1,490	1,301
ADMINISTRATIVE EXPENSES	6,069	4,062
Taxes	-65	-24
Rental charges	2,778	1,294
Professional fees	8	-
External services provided by group companies	203	162
Transport and travel	96	88
Other external services	3,048	2,542

BREAKDOWN OF NUMBER OF EMPLOYEES AS AT 31 DECEMBER 2021

HEADINGS	2021	2020
• Management/Senior Management	27	27
• Middle management	22	15
• Senior members of staff and employees	17	17
TOTAL	66	59

GENERAL REPORT OF THE STATUTORY AUDITORS

Financial year ended 31 December 2021

To the Shareholders,

In accordance with the provisions of Article 25 of Law No. 408 of 20 January 1945, we hereby issue our report on the general and permanent mandate with which you entrusted us by a decision of the Ordinary General Meeting of 29 June 2020 for the 2020, 2021 and 2022 financial years, under the provisions of Article 8 of the aforementioned Law.

The global crisis linked to the COVID-19 pandemic creates specific conditions for the preparation and audit of the accounts for this financial year. In fact, this crisis and the exceptional measures taken in the context of a health emergency have generated a number of consequences for companies, particularly on their business and their financing, as well as increased uncertainties about their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and the way audits are carried out.

It is against this complex and evolving backdrop that the annual accounts and related documents have been drawn up under the responsibility of the company's Board of Directors and made available to us within the statutory deadlines.

Our mandate, which consists of expressing an opinion on these annual accounts, was performed according to the procedures we considered necessary in accordance with professional standards, and led us to examine the transactions carried out by your company during the financial year beginning on 1st January 2021 and ending on 31 December 2021, the balance sheet ending on 31 December 2021 and the profit and loss account for the twelve-month financial year, ended on that date, and the notes, presented in accordance with banking regulations.

These documents have been drawn up in accordance with the statutory requirements and in the same forms and using the same valuation methods as for the previous financial year, and have been drawn up under the conditions set out above.

We have verified the various assets and liabilities and the methods used to assess them and to distinguish expenses and income in the profit and loss account.

Our review was conducted in accordance with generally accepted auditing standards, which provide for our review to be planned and carried out in such a way as to obtain reasonable assurance that the annual accounts do not contain any material misstatement.

An audit consists of examining, by sampling, the justification of the amounts and information contained in the annual accounts, evaluating their overall presentation as well as assessing the accounting principles used and the main estimates made by the company's management. We believe that these verifications adequately support our opinion.



We have also verified the information on the accounts given in the report of your Board of Directors, the proposals for appropriation of profit and the compliance by the company with the legal and statutory provisions governing the operation of your Company.

In our opinion, the balance sheet, profit and loss account and notes for the financial year beginning on 1st January 2021 and ending on 31 December 2020, which are subject to your approval, are a true and fair reflection, in accordance with statutory requirements and professional practices, of your company's assets and liabilities as at 31 December 2021, as well as the transactions and profit for the financial year ending on that date.

We have no comments to make on the information given in your Board of Directors' report on the accounts.

Proposals for the appropriation of profit are in accordance with the provisions of the law and the Articles of Association.

Our audits have not revealed any violations of the legal and statutory provisions governing the operation of your company's governing bodies.

Monaco, 28 April 2022

THE STATUTORY AUDITORS

Bettina Ragazzoni

Sandrine Arcin

SPECIAL REPORT OF THE STATUTORY AUDITORS

Financial year ended 31 December 2021

To the Shareholders,

In accordance with the provisions of Article 24 of Law No. 408 of 20 January 1945, we present you with a report on the transactions referred to in Article 23 of the Sovereign Order of 5 March 1895, completed during the 2021 financial year and on the meetings held during the same financial year.

I. Transactions referred to in Article 23 of the Sovereign Order of 5 March 1895

We would like to remind you that this refers to any undertaking or contract involving a series of successive services of the same or a similar nature, entered into with the company or on its behalf and in which a director of your company has a direct or indirect interest.

The execution of these transactions, during the 2021 financial year, is described to you in the special report made by your company's Board of Directors. We have checked the information contained in this report and have no comments to make in this regard.

II. Meeting held during the financial year

During the financial year, you met:

- at the Annual General Meeting, on 11 May 2021, to approve the accounts for the financial year ended 31 December 2020.

For this meeting, we checked:

- compliance with the legal and statutory provisions relating to the holding of said meeting;
- implementation of approved resolutions.

We have not found any irregularities.

Monaco, 28 April 2022

THE STATUTORY AUDITORS

Bettina Ragazzoni

Sandrine Arcin

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF 30 MAY 2022

2021 once again severely tested our nerves as statistics on the COVID-19 pandemic proved rather erratic. In mid-August 2021, Beijing closed one of the world's largest container ports overnight as part of its zero Covid strategy, increasing the strain on supply chains. In mid-December, the 13 million inhabitants of Xi'an went into lockdown. Economic actors are navigating the situation in the face of numerous volatile and contradictory political, economic, social and health data.

In 2020, levels of activity fell further (-3.1%) than most experts had expected; one year later, they were more surprised than anyone by the speed and strength of the recovery (+5.9%). At the beginning of 2022, employment in the countries of the Organisation for Economic Co-operation and Development is strong, industrial production is sustained (excluding automotive) and household income is higher than before COVID-19.

Coronavirus will continue to circulate, mutate and remain a problem, as we are in fact seeing in China at the moment. However, COVID-19 could finally be curbed during the course of the year, even though it will not be eradicated. Enough people will have been vaccinated in many parts of the world to overcome the fear that has plagued us for two years.

Furthermore, it should be noted that the pandemic has not removed political uncertainty - quite the opposite. Some examples of such uncertainty include: a Republican majority in the US Congress at the end of 2022 that would hinder Joe Biden's efforts; Iran's access to nuclear weapons leading to an Israeli-American preventive response; Russia's invasion of Ukraine with Europe and NATO hanging in the balance was a threat in 2021 and unfortunately became a reality in early 2022; a Beijing attack against Taiwan, which would test the willingness of the United States to respond using weapons to a China that is challenging its position as world leader now more than ever.

At the start of the pandemic, we appreciated promises of a "world after", where humanity would finally have realised it is racing towards ruin. This expression has now all but disappeared from our vocabulary.

There will be a "post-Covid" period, but this will be less the result of sudden disruptions than of an increase in trends emerging before the pandemic and an acceptance of the new situation: finding the right balance of online purchases, teleworking, limiting long journeys, public sector-private sector cooperation, rapid dissemination of technologies, etc. "The new normal is already here" was the apt headline of an editorial in the weekly magazine *The Economist*, contending that "the age of predictable unpredictability is not going away".

Despite this most uncertain environment, Banque Richelieu Monaco is continuing its growth and development strategy thanks in particular to the quality of its discretionary management and investment advice. In fact, at the end of 2021, assets under management represent 50% of total client assets, compared with 44% on 31 December 2020.

Client resources (cash and securities) rose by 48%, cash investments were up 47%, while securities investments saw an increase of 49%.

Net banking income amounted to EUR 24.6 million, up significantly compared to 2020 (+17%).



Despite the sharp drop in US interest rates, the interest income of Banque Richelieu Monaco fell only slightly (3%), thanks to development of the loan business, the outstandings of which grew by 23% over the period.

Custody fees increased by 31%, while management fees charged, calculated on assets, were up 62%.

At the transactional level, fees charged on client securities transactions increased by 7% after a year, 2020, historically buoyed by stock market volatility. Foreign exchange revenue also increased by 35%.

The securities portfolio implemented in 2015 in connection with entry into force of the new liquidity coverage ratio (LCR), and invested in high-quality liquid assets benefiting from a government guarantee (HQLA), totalled EUR 22.7 million, compared with EUR 34.4 million on 31 December 2020. This portfolio, which can be mobilised at very short notice, is an alternative to cash investment with the Central Bank, while offering a more advantageous return.

General operating expenses totalled EUR 18 million, compared to EUR 14.1 million for the previous financial year (excluding non-recurring items and Group director's fees), representing an increase of 26% linked to the growth of commercial activity and the increase in rents (328%). These amount to EUR 22.6 million, including non-recurring items and the director's fee paid to Compagnie Financière Richelieu amounting to EUR 4.6 million.

Depreciation and impairment allowances on fixed assets were up 16% year-on-year, as a result of capacity and IT investments.

Consequently, the operating result was EUR 1.8 million, identical to this result for the previous financial year.

The statutory net result, after extraordinary profit and tax on profits, is EUR 1.7 million, compared with EUR 1.6 million the previous year.

After restatement of non-recurring items and the Group director's fee, this result reached EUR 6.3 million, compared with EUR 6.5 million the previous year.

The Bank's balance sheet total stands at EUR 1,334 million, up 27% compared to the previous year, as a result of the 47% increase in client deposits, which have reached EUR 1,097 million. The proportion of inter-bank liabilities fell to 14%, compared to 25% at the end of the previous financial year.

As at 31 December 2021, the Bank's equity was slightly up at EUR 32.2 million, compared to EUR 30.5 million the previous year.



The liquidity coverage ratio (LCR) calculated on an individual basis stands at 322% (minimum 100%). As a reminder, since 2018, the Bank has been subject to consolidated supervision of the solvency ratio at Richelieu Group level.

In 2022, the Bank will continue its business development efforts by continuing to rely on the quality of its products and services, offered to resident and non-resident international clients.

Due to the ongoing coronavirus epidemic, the Bank has continued the various health measures it had set out.

As a result, clients were welcomed to the Bank's premises according to a strict protocol, and some employees worked remotely on secure equipment, enabling them to limit the risk of contamination while ensuring normal operation of the Bank and continued service to its clients.

To date, we are not aware of any events, other than those already taken into account, particularly in relation to the COVID-19 outbreak, which have occurred since the end of the financial year and which would require accounting treatment in the financial statements, in the notes, and in the report of the Board of Directors.

Banque Richelieu Monaco is applying all measures resulting from international sanctions and has implemented all the procedures required by these texts.

Banque Richelieu Monaco has not, at this stage, identified any significant exposure of assets to Russian or Ukrainian issuers. Furthermore, Banque Richelieu Monaco has not identified any risk resulting from the consequences of sanctions taken against Russia that may have an impact on the 2021 financial statements.

The Board of Directors would like to thank the Bank's staff for their continued efforts during this pivotal year.

• **The Board of Directors**

DRAFT RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING OF 30 MAY 2022

FIRST RESOLUTION

The Ordinary General Meeting, having heard the reports of the Board of Directors and the Statutory Auditors on the 2021 financial year and having read the balance sheet and profit and loss accounts as at 31 December 2021, approves the said reports and accounts presented to it, as well as the transactions they express or summarise.

SECOND RESOLUTION

The Ordinary General Meeting, having heard the report of the Statutory Auditors on the transactions referred to in Article 23 of the Sovereign Order of 5 March 1895, duly acknowledges the transactions carried out between the company and its Directors and declares that it approves them without reservation.

For the Directors, it renews the authorisation provided for by said Order, for the current financial year.

THIRD RESOLUTION

The General Meeting, approving the proposal of the Board of Directors, hereby agrees to appropriate the profit as follows:

Profit for the financial year ended 31 December 2021	€1,740,987.35
Retained earnings	€2,326,224.72
Profit to be appropriated	€4,067,212.07

Appropriation:

Statutory reserves	€87,049.37
Retained earnings	€3,980,162.70
Appropriated profit	€4,067,212.07

FOURTH RESOLUTION

The Ordinary General Meeting discharges the Directors of their mandate for the 2021 financial year. It also approves the amount of Directors' fees.

FIFTH RESOLUTION

The General Meeting authorises an increase in the variable remuneration limit to twice the fixed remuneration for the entire regulated population, namely, those whose professional activities have a significant impact on the institution's risk profile within the meaning of Article L.511-71 of the Monetary and Financial Code. This decision shall remain in force until the General Meeting proposes its reconsideration.



SIXTH RESOLUTION

The General Meeting approves the aggregated remunerations paid during the past financial year to those persons mentioned in Article L.511-71 of the Monetary and Financial Code.

SEVENTH RESOLUTION

The General Meeting agrees to proceed with appointment of the following person as Director for a period of six years, that is, until the Ordinary General Meeting convened to rule in 2028 on the accounts for the financial year ended 31 December 2027:

Mr Thierry Pascault

DOB 18 February 1950

French nationality

Resident at 10 rue de Montesquiou, Saint-Cloud (92210)

Mr Thierry Pascault, thus appointed, confirmed that he accepted this mandate and that he fulfilled the statutory and regulatory conditions to hold said mandate.

EIGHTH RESOLUTION

The Ordinary General Meeting duly acknowledges the resignation of Ms Bettina Ragazzoni, chartered accountant, domiciled at 2, rue de la Lùjerneteta in Monaco, from her mandate as Statutory Auditor.

In view of the above, the Ordinary General Meeting duly acknowledges the appointment of Mr Xavier Carpinelli, chartered accountant, domiciled at 2, rue de la Lùjerneteta in Monaco, to replace Ms Bettina Ragazzoni, for the remaining term of his predecessor's mandate, i.e., for the 2022 financial year.

NINTH RESOLUTION

The Meeting grants all powers to the bearer of a copy of this document for the purpose of carrying out any submissions or formalities required by law.



MONACO

8, avenue de Grande-Bretagne
BP 262
MC 98005 Monaco Cedex
+377 92 16 55 55



www.banquerichelieumonaco.com

L'esprit de conquête